

RECORDATION NO. 27247 FILED

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ELIAS C. ALVORD (1942)
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OF COUNSEL
URBAN A. LESTER

SURFACE TRANSPORTATION BOARD

November 30, 2007

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Memorandum of Mortgage, dated as of November 30, 2007, a primary document as defined in the Board's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed document are:

Debtor: Babcock & Brown Rail Funding LLC
885 Second Avenue
49th Floor
New York, NY 10017

[Secured Party: Bayerische Hypo-Und Vereinsbank AG, Agent
FPA 4 Lease/Asset Finance
Am Tucherpark 1 (FPA)
80538 Munich
Germany]

Mr. Vernon A. Williams
November 30, 2007
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A description of the railroad equipment covered by the enclosed document is:

54 railcars as follows:

5 covered hopper railcars: BNBX 12210 - BNBX 122214;

49 covered hopper cars within the series BNBX 121986 – BNBX 122194 as more particularly set forth in the attachment to the document.

Note: The 15 cars also covered under this Mortgage (BNBX 122195 - BNBX 122209) are filed under Rec. No. 27243-A.

A short summary of the document to appear in the index is:

Memorandum of Mortgage.

Also enclosed is a check in the amount of \$35.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,



Robert W. Alvord

RWA/sem
Enclosures

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SURFACE TRANSPORTATION BOARD

MEMORANDUM OF MORTGAGE

Memorandum of Mortgage, made and entered into as of November 30, 2007 between **BABCOCK & BROWN RAIL FUNDING LLC** (the "Debtor") and **BAYERISCHE HYPO-UND VEREINSBANK AG**, as Agent under the Security Agreement referred to below (together with its successors and permitted assigns, the "Secured Party"). Terms used in this instrument have the meanings assigned thereto in the Second Amended and Restated Security Agreement dated as of September 21, 2007 (as supplemented, including by Security Agreement Supplement No. 66 dated the date hereof, the "Security Agreement") between the Secured Party and the Debtor.

WITNESSETH:

The undersigned and the Secured Party have entered into the Security Agreement, by which the Debtor has granted a security interest in certain railroad equipment bearing reporting marks and road numbers as listed on Exhibit A attached hereto and in each document referred to on Exhibit B attached hereto to the Secured Party in order to secure the Debtor's performance of its obligations as described in the Security Agreement.

IN WITNESS WHEREOF, the party hereto has caused this memorandum to be duly executed by its officer duly authorized as of the date and year first above written.

**BABCOCK & BROWN RAIL FUNDING
LLC**

By 

Name: Ross Sullivan

Title: Vice President

STATE OF NEW YORK)

COUNTY OF NEW YORK)

ss.:

On November 28, 2007, before me, Indra Bedasie, Notary Public, personally appeared Ross Sullivan, personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Indra Bedasie
Notary Public

INDRA BEDASIE
Notary Public, State of New York
No. 01BE6014602
Qualified in Queens County
Certificate Filed in New York County
Commission Expires October 19, 2010

Memorandum of Mortgage

LIST OF LEASES AND OTHER OPERATIVE AGREEMENTS

Lease #1

Letter Agreement dated August 6, 2006 between Trinity North American Freight Car, Inc. and Babcock & Brown Rail Funding LLC to the extent the same relates to the Equipment described in Exhibit A hereto.

Letter Agreement dated October 11, 2007 between Trinity North American Freight Car, Inc. and Babcock & Brown Rail Funding LLC to the extent the same relates to the Equipment described in Exhibit A hereto.

Full Service Master Railcar Lease dated as of October 30, 2007 between Babcock & Brown Rail Funding LLC and Alabama Power Company to the extent the same relates to the Equipment described in Exhibit A hereto.

Schedule No. 01 to Master Full Railcar Lease dated as of October 30, 2007 between Babcock & Brown Rail Funding LLC and Alabama Power Company to the extent the same relates to the Equipment described in Exhibit A hereto.

Warranty Bill of Sale dated as of November 30, 2007 from Trinity North American Freight Car, Inc. to Babcock & Brown Rail Funding LLC and Certificates of Inspection and Acceptance executed by Babcock & Brown Rail Funding LLC in relation to the railcars identified in such Warranty Bill of Sale.

Together with all substitutions, replacements and renewals of the property above described, whether the Debtor now has rights therein or such rights shall hereafter be acquired by it.

Lease #2

Letter Agreement dated August 6, 2006 between Trinity North American Freight Car, Inc. and Babcock & Brown Rail Funding LLC to the extent the same relates to the Equipment described in Exhibit A hereto.

Letter Agreement dated October 11, 2007 between Trinity North American Freight Car, Inc. and Babcock & Brown Rail Funding LLC to the extent the same relates to the Equipment described in Exhibit A hereto.

Warranty Bill of Sale dated as of November 30, 2007 from Trinity North American Freight Car, Inc. to Babcock & Brown Rail Funding LLC and Certificates of Inspection and Acceptance executed by Babcock & Brown Rail Funding LLC in relation to the railcars identified in such Warranty Bill of Sale.

Together with all substitutions, replacements and renewals of the property above described, whether the Debtor now has rights therein or such rights shall hereafter be acquired by it.

Lease #3

Letter Agreement dated August 11, 2006 between Trinity North American Freight Car, Inc. and Babcock & Brown Rail Funding LLC to the extent the same relates to the Equipment described in Exhibit A hereto.

Warranty Bill of Sale dated as of November 30, 2007 from Trinity North American Freight Car, Inc. to Babcock & Brown Rail Funding LLC and Certificates of Acceptance executed by Babcock & Brown Rail Funding LLC in relation to the railcars identified in such Warranty Bill of Sale.

Together with all substitutions, replacements and renewals of the property above described, whether the Debtor now has rights therein or such rights shall hereafter be acquired by it.

Exhibit A
to Memorandum of Mortgage

EQUIPMENT

<u>Lease #</u>	<u>Lessee</u>	<u># Cars</u>	<u>Year Built</u>	<u>Manufacturer</u>	<u>AAR Code</u>	<u>Description</u>	<u>Reporting Marks</u>	<u>Casualty Marks</u>
1	Alabama Power Company	15	2007	Trinity North American Freight Car, Inc.	C 612	3230 CF, pressure differential covered hopper railcars, 286,000 lbs. GRL	BNBX 122195 – 122209, inclusive	None
2	None	5	2007	Trinity North American Freight Car, Inc.	C612	3230 CF, pressure differential covered hopper railcars, 286,000 lbs. GRL	BNBX 122210 – 122214, inclusive	None
3	None	49	2007	Trinity North American Freight Car, Inc.	C114	6351 CF quadruple covered hopper railcars, 286,000 lbs. GRL	BNBX 121986, 122031, 122099, 122103 - 122105, 122110 - 122113, 122118, 122119, 122126, 122127, 122130 - 122132, 122139, 122149, 122151, 122155 - 122162, 122164, 122166, 122170, 122172, 122173, 122175 - 122181, 122183, 122185, 122187, 122188, 122190 - 122194.	None

Together with all substitutions, replacements and renewals of the property above described, and all property which shall hereafter become physically attached to or incorporated in the property above described, whether the Debtor now has rights therein or such rights shall hereafter be acquired by it.

CERTIFICATION

I, Robert W. Alvord, attorney licensed to practice in the State of New York and the District of Columbia, do hereby certify under penalty of perjury that I have compared the attached copy with the original thereof and have found the copy to be complete and identical in all respects to the original document.

Dated: 11/30/07



Robert W. Alvord